



HENVEY INLET FIRST NATION

## HIFN WINDFARM LEGACY TRUST

### COMMUNITY MEETING #5

Monday, 02 November 2020

2:00 pm

#### Attend in-person, by computer or by telephone

1. **In person:** At the Firehall

2. **By computer:** Click this live link (Control + Click) to launch Zoom:

<https://us02web.zoom.us/j/84573791010?pwd=d2c2UjJlclkwUGNvWW84UUtOYWVnQT09>

If you don't have Zoom on your computer, the link will install it for you – just accept the installation

Passcode: 288937

3. **By mobile phone:** Click one of these one-tap mobile phone links

+16132093054,,84573791010#,,,,,0#,,288937# Canada

+16473744685,,84573791010#,,,,,0#,,288937# Canada

No long distance charges (you may incur small data charges, depending on your mobile plan)

4. **By direct dial telephone:** Dial by your location (**not toll-free**):

+1 613 209 3054 Canada

+1 647 374 4685 Canada

Find your local number: <https://us02web.zoom.us/j/84573791010>

Meeting ID: 845 7379 1010

Passcode: 288937



# HIFN WINDFARM LEGACY TRUST

**BACKGROUND**

**20 October 2020**

# Windfarm Income Projections

## Two Windfarm Income Streams

### 1. PROFITS FROM ENERGY SALES

- Nigig receives  $\frac{1}{2}$  of the windfarm's net profit from energy sales, pays it to HIFN
- \$15M-\$31M per year (depends on wind power production)

### 2. HIW RENT

- The windfarm project pays rent directly to HIFN
- \$6M-\$8M per year (depends on wind power production)

# How will the funds be used?

## HIFN's Objectives for Use of the Windfarm Income

### 1. IMPROVE QUALITY OF LIFE FOR MEMBERS IMMEDIATELY

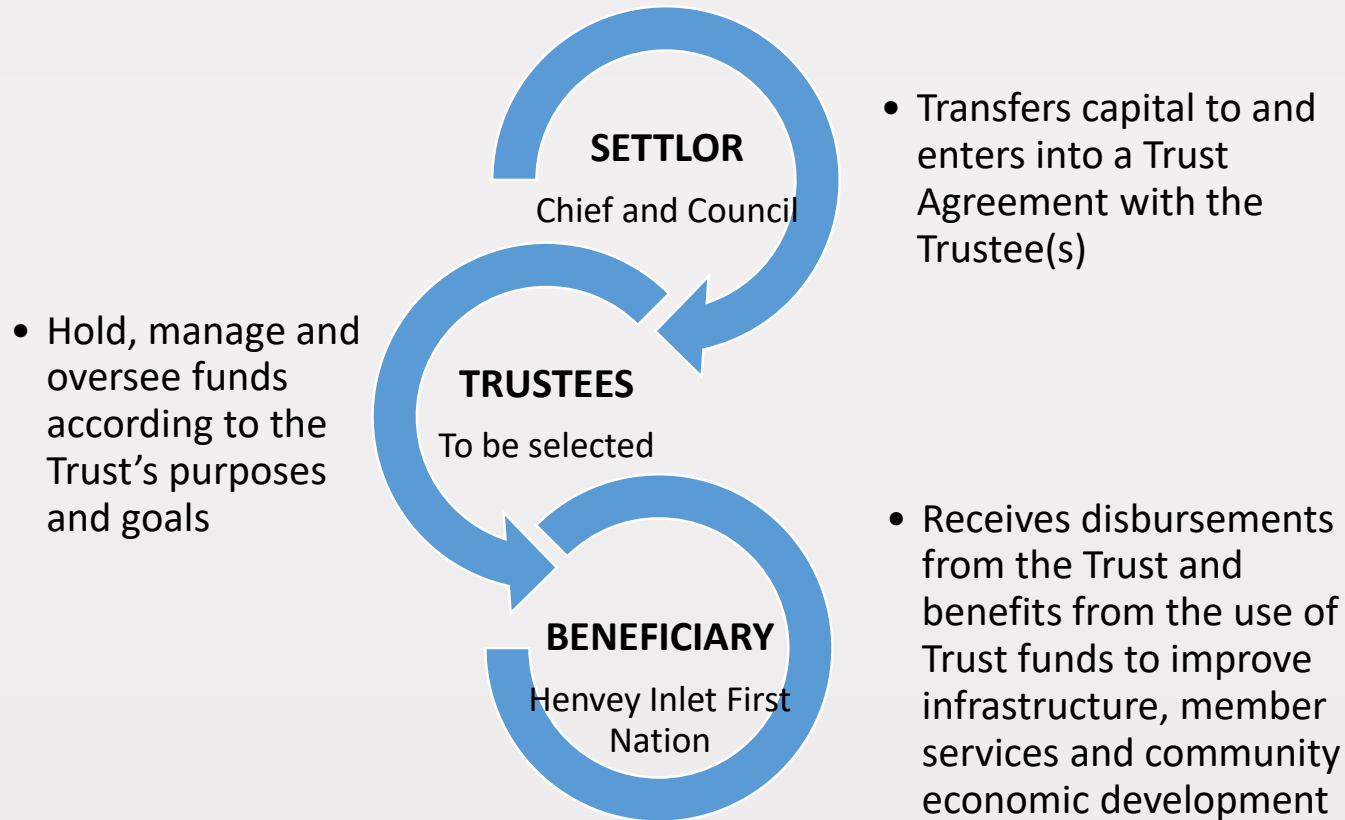
- Monthly member distributions
- Enhanced community facilities, programs and services

### 2. SAME BENEFITS FOR FUTURE GENERATIONS

- After the energy sales contract ends in 2039, continue member and community support indefinitely, if possible

# Why use a Trust?

- A trust is a legally distinct entity created by a binding agreement between a settlor and the trustee regarding the use of assets





# What assets will be settled on the Trust?

- **Nigig income stream:**

- Income received by HIFN from Nigig Power Corporation will be settled on the Trust
- Land law will ensure the Nigig payments cannot be diverted

- **Additional settlements over the life of the Trust:**

- Annual surpluses of windfarm rent may be added to the trust
- Trust will be able to accept other capital contributions:
  - Future power sales agreements
  - Land claim and other settlements

# What happens to the settled assets?

## 1. SAVINGS PHASE, 2020-2039

- Income received by the Trust from Nigig will be used to fund:
  - Distributions to members
  - Investment portfolio – target approx. \$635M
- Strict limits on withdrawals from the trust

## 2. FULL SUPPORT PHASE, 2039 →

- Both income streams from windfarm end, may or may not be replaced by new power sales contract (lower revenue)
- Trust Investment income (and windfarm income, if any) used to fund
  - Distributions to members
  - HIFN facilities, operations, programs and services

# Distributions to Members

## 1. SAVINGS PHASE, 2020-2039

- Quarterly payments to each member from Trust capital:
  - Adults: \$500/mo from age 18 to 60
  - Seniors: \$600/mo commencing at age 60
  - Minors: \$100/mo, payable at age 21 or age 18 with a high school diploma or GED
- May be minor adjustments up or down every 5 years based on
  - Energy sales profits
  - Progress towards 2039 savings target
  - Membership growth



# Distributions to Members (cont'd)

## 2. FULL SUPPORT PHASE, 2039 →

- Target: same payments to each member as during FIT contract, or better
- May adjust monthly amounts up or down, depending on:
  - energy sales profits/rent under a new power purchase agreement (if any)
  - actual Trust portfolio size and earnings
  - membership growth
  - funds required to support enhanced HIFN programs, facilities and services

# Clawbacks?

## ODSP and Ontario Works

- Both programs permit members to receive up to \$10K/year with no claw-back under current policies

## Income Tax

- Distributions should be tax-exempt for all members on and off reserve

## Employment Insurance

- Distributions should not affect EI payments

# Checks and Balances on Withdrawals

## Windfarm Trust Advisory Committee

- If Council wants to submit a Withdrawal Proposal or replace Trustees, it will appoint a special advisory committee from members who reside on and off reserve
- Withdrawal proposal submitted by Council to the Trustees must have:
  - Windfarm Trust Advisory Committee's endorsement, or
  - Community Consultation (minor capital encroachment <5%)

## Major capital withdrawal proposals

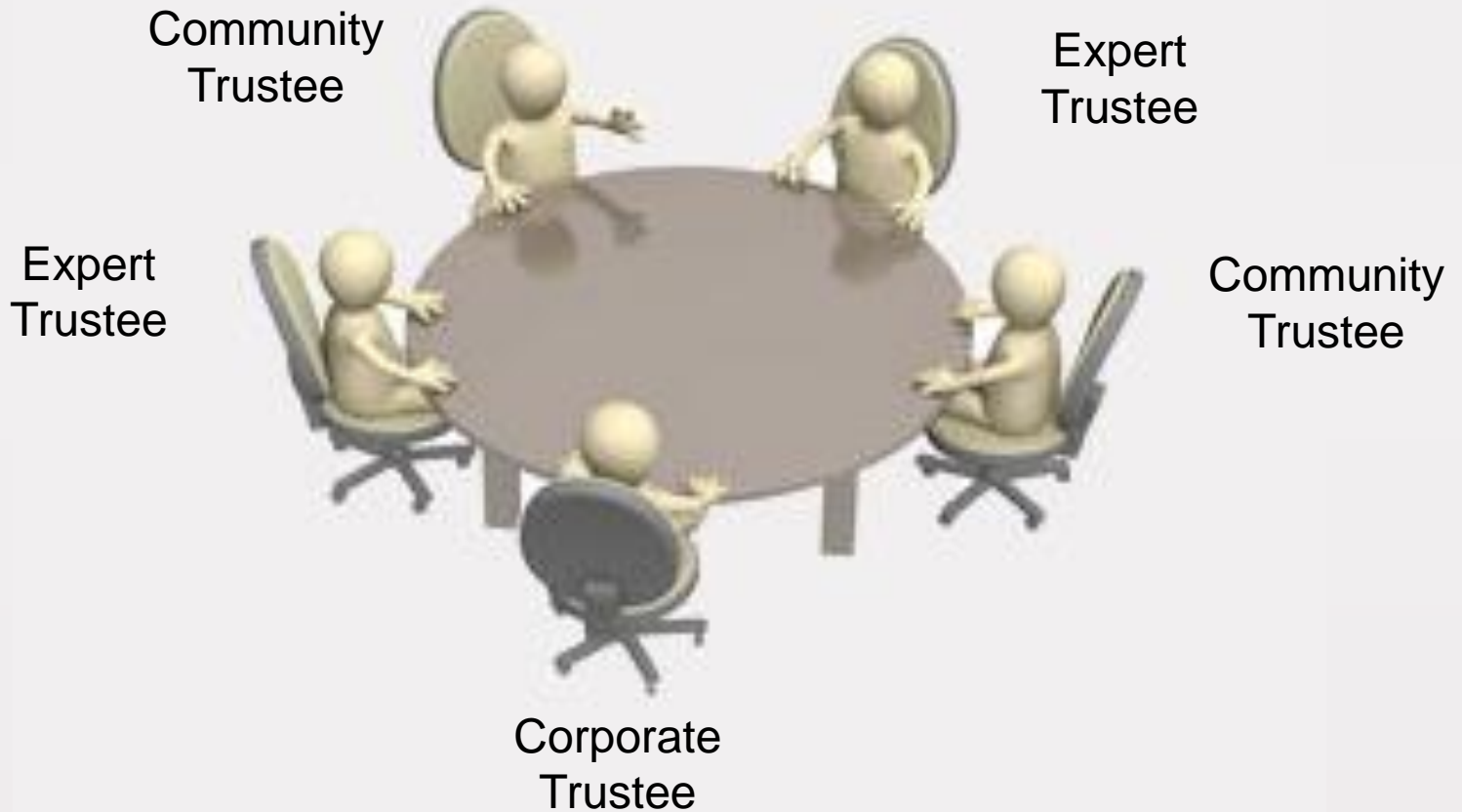
- Special rule applies if withdrawal proposal >5% of Trust's capital:
  - Unanimous Band Council Resolution
  - Community approval vote (double majority rule)

# Board of Trustees

## *Five Member Board*

- **2 COMMUNITY TRUSTEES**
- **2 TRUSTEES WITH LEGAL/FINANCIAL EXPERTISE**
- **1 CORPORATE TRUSTEE**
- Limit one trustee from any one immediate family
- 3 year overlapping terms, maximum 2 consecutive terms (except for corporate trustee)
- Selected by Council from slate of candidates prepared by the Trust Advisory Committee and the Trustees jointly

# Board of Trustees



# Board of Trustees, cont'd

## *Community Trustees*

- Qualifications
  - » High school diploma or better
  - » Financial experience
  - » Not an undischarged bankrupt
  - » Criminal records check
  - » Completion of NATOA trust officer training or equivalent within six months of appointment
- » Members of Council, the Windfarm Trust Advisory Committee and employees of HIFN and the Trust disqualified

# Board of Trustees, cont'd

## *Legal/Financial Experts and Corporate Trustee*

- Qualifications
  - » MBA, law degree or equivalent
  - » Certification as trust expert by accredited institution
  - » Extensive trust management experience
  - » Criminal records check
- » Members of Council, the Windfarm Trust Advisory Committee and employees of HIFN and the Trust disqualified



# Next Steps

## Selection of corporate, community and expert trustees

- » To be in place immediately after Community Approval Vote

## Community Approval Vote – Sunday, 13 December 2020

## Enactment of Land Law and Establishment of the Trust – Tuesday, 15 December 2020

- » If Trust approved, open session of Council to enact the Henvey Inlet First Nation Legacy Trust Land Law
- » Signing of Trust Settlement Deed with Trustees
- » Settlement of Nigig income stream funds on the Trust